

EXECUTIVE SECRETARIAT (O/DCI)

Routing Slip

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	DD/RM		X		
4	DD/NFA				
5	DD/CT				
6	DD/A				
7	DD/O				
8	DD/S&T				
9	GC				
10	LC		X		
11	IG	X (for C/Audit Staff)			
12	Compt		X		
13	D/PA				
14	D/EE0				
15	D/Pers				
16	AO/DCI				
17	C/IPS				
18					
19					
20					
21					
22					

SUSPENSE DATE:

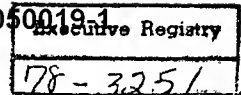
Remarks: To 11: For direct reply in coordination with Comptroller. Additionally, please comment to DCI on extent to which our audit process may be a contributing factor.

1/Executive Secretary

EXECUTIVE OFFICE OF THE PRESIDENT

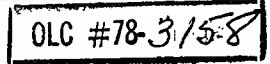
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503



*rec'd 11 Oct*

October 5, 1978



*GAO*

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Audit followup

The General Accounting Office has just issued a draft report on audit followup. It says that operating departments and agencies have a backlog of \$4.3 billion in unresolved audit findings, and that failure to act on these findings may be costing the Government hundreds of millions of dollars a year. The report says that

- some officials are waiving recoveries without proper authority to do so
- others delay decisions so long that recovery is precluded
- agencies lack accounting controls over recovery actions.

This situation is intolerable, and corrective action must be taken at once. I urge you to launch an immediate review of your department or agency system of audit followup. Guidance on a proper followup system may be found in our Circular A-73, "Audit of Federal Operations and Programs."

In the meantime, I have asked my staff to meet with yours, and with the GAO, to discuss the details of the GAO findings, and their recommendations for corrective action. I would appreciate your naming someone within the next week to serve as your representative in this matter. Please provide us the name, address, and phone number of your representative so that we may begin scheduling the meetings.

*James T. McIntyre, Jr.*  
James T. McIntyre, Jr.  
Director